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Senate passes MEGA extension to keep Michigan competitive for creation and retention of jobs

Lansing – The state Senate Wednesday ensured that Michigan will continue to be competitive in luring new businesses, as they overwhelmingly approved the reauthorization of the Michigan Economic Growth Authority Act.

“Extending MEGA is a key tool in attracting new businesses and jobs to spur Michigan’s economy,” said Sen. Ron Jelinek (R-Three Oaks). “It provides a tax incentive for businesses looking to expand and develop in new locations.”

The MEGA program operates by offering qualifying companies Single Business Tax credits if they locate or expand their operations in Michigan.

Reauthorization of this legislation was done through a four-bill package that extends the date, provides additional oversight tools, and improves the credit-granting ability of the program, especially for high-tech businesses.

A major change to the program allows tool & die and high-tech companies to obtain MEGA credits. Other changes clarify the definition of an “affiliated business” and alter the criteria for the MEGA credits for job expansion and retention. These changes will expand the number of businesses eligible for MEGA credits.

“This legislation also provides for increased accountability and disclosure of companies receiving MEGA credits,” Jelinek said. “Taxpayers claiming a MEGA credit will be audited to make sure the number of jobs created matches the number used to calculate the credit.”

The program was set to expire Dec. 31, 2003, but approval of the package will extend the program until Dec. 31, 2009.

Senate Bills 820-822 and 824 now go to the House of Representatives for approval.

One of the major economic incentives used by Michigan to attract business growth, MEGA is one of the main programs in the nine-point Republican “Job Opportunities for Business Success” plan.

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